

The Bicycle Commuter Act

The most recent piece of legislation supported by the Bike Caucus is Congressman Blumenauer's Bicycle Commuter Act, which allows employers to offer a fringe benefit of \$20 per month for employees for the purchase of a bicycle and any bicycle improvements, repairs, or storage costs.

How the Legislation Works:

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For employees who regularly commute to work by bicycle, employers may offset the costs of bicycle purchase, improvement, repair, and storage at the rate of \$20 per month. Based on how the employer chooses to offer the benefits, the employee may bring receipts to be reimbursed, may sign up for regular monthly payments, or devise some sort of voucher system with their employer.

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Bike commuters are not allowed to receive transit or parking benefits in addition to the bike benefit.

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The bike commuter benefit can be provided by employers beginning January 1, 2009.

How the Statute Reads:

Section 132 of the tax code excludes from gross income certain fringe benefits offered by employers to employees, including transportation benefits. Under the new law, "qualified bicycle commuting reimbursements" are included within the definition of transportation benefits. Here's the new law:

26 U.S.C. §132

(f) Qualified transportation fringe

(1) In general

For purposes of this section, the term "qualified transportation fringe" means any of the following provided by an employer to an employee:

(D) Any qualified bicycle commuting reimbursement.

(2) Limitation on exclusion

The amount of the fringe benefits which are provided by an employer to any employee and which may be excluded from gross income under subsection (a)(5) shall not exceed –

(C) the applicable annual limitation in the case of any qualified bicycle commuting reimbursement.

(5) Definitions

For purposes of this subsection –

(F) DEFINITIONS RELATED TO BICYCLE COMMUTING REIMBURSEMENT-

(i) QUALIFIED BICYCLE COMMUTING REIMBURSEMENT- The term `qualified bicycle commuting reimbursement' means, with respect to any calendar year, any employer reimbursement during the 15-month period beginning with the first day of such calendar year for reasonable expenses incurred by the employee during such calendar year for the purchase of a bicycle and bicycle improvements, repair, and storage, if such bicycle is regularly used for travel between the employee's residence and place of employment.

(ii) APPLICABLE ANNUAL LIMITATION- The term `applicable annual limitation' means, with respect to any employee for any calendar year, the product of \$20 multiplied by the number of qualified bicycle commuting months during such year.

(iii) QUALIFIED BICYCLE COMMUTING MONTH- The term `qualified bicycle commuting month' means, with respect to any employee, any month during which such employee--

(I) regularly uses the bicycle for a substantial portion of the travel between the employee's residence and place of employment, and

(II) does not receive any [other transportation fringe] benefit